School Division Tax Loss Compensation Fund

Financial Statements for 2014-15

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Government of Saskatchewan

Letters of Transmittal

Don Morgan, Q.C.
Minister of Education

Her Honour, the Honourable Vaughn Solomon Schofield,
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Financial Statements of the School Division Tax Loss Compensation Fund for the fiscal year ending March 31, 2015.

Don Morgan, Q.C.
Minister of Education

Julie MacRae
Deputy Minister of Education

The Honourable Don Morgan, Q.C.
Minister of Education

I have the honour of submitting the Financial Statements of the School Division Tax Loss Compensation Fund for the fiscal year ending March 31, 2015.

As Deputy Minister of Education, I acknowledge responsibility for the financial administration and management control of the Ministry. I further take responsibility for our Ministry's public accountability and ensure that the information and content of the 2014-15 Financial Statements is meaningful, complete and accurate.

Julie MacRae
Deputy Minister of Education

Management's Responsibility for the Financial Statements

Management of the School Division Tax Loss Compensation Fund is responsible for the accompanying financial statements. The School Division Tax Loss Compensation Fund maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to obtain reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

Management of the School Division Tax Loss Compensation Fund prepares these statements in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants (CPA) Canada.

The Provincial Auditor expresses an independent opinion on these statements. Their report provides the scope of their audit and states their opinion.

Enclosed are the financial statements of the School Division Tax Loss Compensation Fund for the year ended March 31, 2015, and the Provincial Auditor's report on these financial statements.

On behalf of the School Division Tax Loss Compensation Fund,

Julie MacRae

Julie MacRae
Deputy Minister of Education

Government of Saskatchewan

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the School Division Tax Loss Compensation Fund, which comprise the statement of financial position as at March 31, 2015, and the statement of operations and net assets, for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the School Division Tax Loss Compensation Fund as at March 31, 2015, and the statement of operations and net assets for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson

Regina, Saskatchewan
June 24, 2015

Judy Ferguson, FCPA, FCA
Provincial Auditor

1500 Chateau Tower - 1920 Broad Street Regina, Saskatchewan S4P 3V2
t 306.787.6398 f 306.787.6383 e info@auditor.sk.ca
} www.auditor.sk.ca

Government of Saskatchewan

School Division Tax Loss Compensation Fund
Statement of Financial Position
As At March 31

ASSETS

	2015	2014
Due from General Revenue Fund *(Note 4)*	$ 7,599,447	$ 7,568,080
Accounts receivable	40,266	3,588
Interest receivable	15,254	18,172
	$ 7,654,967	**$ 7,589,840**

LIABILITIES and NET ASSETS

Liabilities		
Accounts payable	$ 30,950	$ 69,963
Net assets *(Statement 2)*	7,624,017	7,519,877
	$ 7,654,967	**$ 7,589,840**

(See accompanying notes to the financial statements)

School Division Tax Loss Compensation Fund
Statement of Operations and Net Assets
For the Year Ended March 31

	2015	2014
Revenue		
Contributions	$ 137,431	$ 175,330
Interest income	69,782	75,838
	207,213	251,168
Expenses		
Compensation to school divisions *(Note 6)*	103,073	131,498
Surplus for the year	104,140	119,670
Net assets, beginning of year	7,519,877	7,400,207
Net assets, end of year – to Statement 1	**$ 7,624,017**	**$ 7,519,877**

(See accompanying notes to the financial statements)

1. Purpose and Creation of the Fund

The School Division Tax Loss Compensation Fund (Fund) was created by an amendment to *The Education Act, 1995* through *The Treaty Land Entitlement Implementation Act*. The amendment came into force on June 22, 1993. Order in Council #840/94 established regulations to administer the Fund on December 14, 1994.

The Fund is administered by the Ministry of Education on behalf of school boards. The purpose of the Fund is to provide tax loss compensation to school divisions that lose tax revenue as a result of lands within that school division being set apart as an Indian reserve. The Fund receives money from the provincial (Ministry of Government Relations) and federal (Department of Aboriginal Affairs and Northern Development Canada) governments as part of the Treaty Land Entitlement Framework Agreement. Payments are made to affected school divisions according to the formula stated in the regulations.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants (CPA) Canada. These financial statements do not present a Statement of Change in Net Assets or a Statement of Cash Flows because this information is readily apparent from the Statement of Operations and Net Assets.

Revenue

Contributions and Interest Income are recorded when earned, provided the amount to be received can be reasonably estimated and collection is reasonably assured.

Expenses

Compensation to school divisions is recorded when the Minister's Order or Order in Council is issued.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Due to the inherent uncertainty involved in such assessments, actual results may differ from those estimates.

3. Related Party Transactions

The Fund has not been charged with any administrative costs and no provision for such costs is reflected in these statements. These costs are borne by the Ministry of Education. Included in revenue is $41,229 (2014-$52,599) from the Ministry of Government Relations, of which $12,080 (2014-$13) was receivable at March 31, 2015. Accounts payable to school divisions at March 31, 2015 is $30,950 (2014-$69,963). Other related party transactions are disclosed separately in these financial statements.

4. Due from the General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund. The Fund's interest is calculated and paid from the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate and the Fund's average daily account balance. The Government's average thirty-day borrowing rate for the year ended March 31, 2015 is 0.92% (2014-1.02%). Interest receivable from the General Revenue Fund at March 31, 2015 is $15,254 (2014-$18,172).

5. Financial Instruments

The Fund's financial instruments include due from General Revenue Fund, accounts receivable, interest receivable and accounts payable. Due to the immediate or short-term nature, the fair value of these financial instruments approximates their carrying values. Given the financial instruments are from the federal and provincial governments, credit risk is very low. Liquidity risk is also low, as the federal and provincial governments pay the Fund for the compensation to school divisions, and the interest receivable is from the General Revenue Fund.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest receivable is subject to interest rate risk.

Interest income is a small portion of the Fund's total revenue and increases or decreases in interest rates would not be expected to impact the fund's operations.

6. Compensation to School Divisions

The following lists the distributions made to school divisions.

	2015	2014
Chinook SD #211	$ -	$ 688
Good Spirit SD #204	22,391	-
Horizon SD #205	-	1,646
Living Sky SD #202	11,904	-
North East SD #200	4,419	3,033
Northwest SD #203	-	928
Prairie South SD #210	13,839	4,138
Prairie Valley SD #208	50,520	26,100
Saskatchewan Rivers SD #119	-	42,749
South East Cornerstone SD #209	-	52,216
Total	**$ 103,073**	**$ 131,498**